

| Guide for Review of Homeowner Rehabilitation Programs | | | |
|---|--|---------------|--|
| Participating Jurisdiction (PJ): | | Subrecipient: | |
| Staff Consulted: | | | |
| Program Amount: | | FY Reviewed: | |
| Name(s) of Reviewer(s) | | Date | |

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

Instructions: These questions may be used alone or in conjunction with Exhibit 7-3, "Guide for Review of Homeowner Rehabilitation Projects." The Exhibit is divided into nine sections: Recordkeeping; Participant Eligibility; Property Requirements; Property Standards; Eligible/Reasonable Costs; Contractor Selection; Construction Management; Loan Processing and Servicing. The questions in this Exhibit may also be used as an interview instrument for program staff. If the PJ's overall owner-occupied rehabilitation program or a specific program area is not examined, make a note to this effect in the applicable "Describe Basis for Conclusion" section of the question. With respect to the number of files to be reviewed, the guidance in Section 7-4 in the introduction to this Chapter should be followed.

Questions:

A. RECORDKEEPING

1.

| | | |
|--|--|---------------------------------------|
| Based upon a review of project case files, does the PJ maintain documentation of compliance with applicable requirements? [24 CFR 92.508(a)(3)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

B. PARTICIPANT ELIGIBILITY

2.

| | | |
|--|--|---------------------------------------|
| Do project files demonstrate compliance with participant eligibility requirements -- income, ownership, and principal residence? [24 CFR 92.203 and 24 CFR 92.254(b) and (c)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

3. Income

| | | |
|--|--------------------------|--------------------------|
| Is PJ using current HOME limits? [24 CFR 92.254(b)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

4.

| | | |
|--|--------------------------|--------------------------|
| Is the PJ using one of the three permissible definitions of income for its homeownership rehabilitation program? [24 CFR 92.203(b)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

5.

| | | |
|---|--------------------------|--------------------------|
| Are procedures for projecting income applied consistently for all applicants? | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

6.

| | | |
|---|--------------------------|--------------------------|
| Is the PJ <u>projecting</u> anticipated household income for a 12-month period? [24 CFR 92.203(d)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

7.

| | | |
|---|--------------------------|--------------------------|
| Is the PJ using source documentation to determine applicant eligibility? [24 CFR 92.203(a)(1)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

8. Ownership and Occupancy Status

| | |
|---|---|
| a. Does the PJ document the applicants' ownership of the properties proposed for assistance? (NOTE: A copy of the deed alone is not sufficient. A title search or a recent review of recorded ownership information should have been conducted.) [24 CFR 92.254(c)] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

| | |
|--|---|
| b. Does the PJ document that properties serve as principal residence for all applicants? [24 CFR 92.254(b)(3)] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

C. PROPERTY REQUIREMENTS

9.

| | |
|---|---|
| Do project files demonstrate compliance with property eligibility requirements: minimum [24 CFR 92.205(c)]/maximum (24 CFR 92.250(a)] HOME investment and property value? [24 CFR 92.254(b)(1)] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

10.

| | |
|--|---|
| Are there procedures for ensuring that projects meet the minimum investment thresholds pursuant to 24 CFR 92.205(c)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

11.

| | | |
|--|--------------------------|--------------------------|
| Are there procedures for identifying projects that exceed the maximum investment of HOME funds pursuant to 24 CFR 92.250(a)? | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

12.

| | | |
|---|--------------------------|--------------------------|
| Are after-rehabilitation value estimates determined using appropriate methods (e.g., appraisal, tax records, estimate by qualified staff) [24 CFR 92.254(b)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

13.

| | | |
|---|--------------------------|--------------------------|
| a. Has the PJ complied with the environmental review requirements? (The response to this question can be determined based upon the use of Exhibit 21-2; projects sampled; staff interviews; or other verification methods.) [24 CFR 92.352] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| b. Has the PJ complied with flood insurance protection when assistance was used for rehabilitation of real property located within the Special Flood Hazard Area (SFHA)? (Use Exhibit 27-1 of this Handbook, "Guide for Review of Flood Insurance Protection," projects sampled; staff interviews; or other verification methods.) [24 CFR 92.352] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

D. PROPERTY STANDARDS

14.

| | | |
|---|--------------------------|--------------------------|
| Do work write-ups, inspection documentation and other construction documentation in the project files demonstrate that applicable property standards are being observed? [24 CFR 92.251(a)(1)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |

15.

| | | |
|---|--------------------------|--------------------------|
| Are procedures in place to ensure that completed work is in compliance with applicable housing property standards as outlined in 24 CFR 92.251(a)(1)? | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

16.

| | | |
|---|--------------------------|--------------------------|
| Does the PJ have written procedures that it has implemented that are adequate to ensure that initial and final inspections are carried out? | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

17.

| | | |
|---|--------------------------|--------------------------|
| a. Does the PJ have written rehabilitation standards specifying methods and materials to be used in the rehabilitation? [24 CFR 92.251(a)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

| | | |
|---|--------------------------|--------------------------|
| b. Do records indicate that work is performed in conformance with written rehabilitation standards? [24 CFR 92.251(a)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

18.

| | |
|---|--|
| Does the PJ have written procedures that it has implemented that are adequate to ensure that units comply with applicable lead hazard reduction regulations of Part 35 incorporated in 24 CFR 92.355? (The response to this question can be determined based upon use of Lead Hazard Exhibits 24-1, 24-2 or 24-3 in Chapter 24; projects sampled, staff interviews; or other verification methods.) | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A |
| Describe Basis for Conclusion: | |

E. ELIGIBLE/REASONABLE COSTS

19.

| | |
|---|--|
| Do work write-ups, proposals, and contracts in the project files show that costs are allowable and any fees are reasonable? [24 CFR 92.206, 24 CFR 92.505(a) and 24 CFR 85.22] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

20.

| | |
|---|--|
| Is the cost estimate reviewed by a party other than the originator of the estimate (e.g., another PJ staff person)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

21.

| | |
|--|--|
| a. Are there written procedures for evaluating construction proposals to check that all costs are allowable? [24 CFR 92.505(a); 24 CFR 85.20(b)(5) and 85.22] | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Describe Basis for Conclusion: | |

| | | |
|---|--|---------------------------------------|
| b. Do the procedures appear sufficient to determine cost allowability? [24 CFR 92.505(a) and 24 CFR 85.20(b)(5)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

22.

| | | |
|---|--|---------------------------------------|
| Is the actual cost of the work documented? [24 CFR 92.508(a)(3)(ii)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

23.

| | | |
|--|--|---------------------------------------|
| a. Does the PJ provide HOME subsidy only in the eligible forms of investment (i.e., interest bearing or non-interest bearing loans or advances, interest subsidies, deferred payment loans, grants, or loan guarantees)? [24 CFR 92.205(b)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

| | | | |
|---|--|---------------------------------------|--|
| b. If the PJ is providing HOME funds in a form not listed above, was that form approved by HUD? [24 CFR 92.205(b)(1)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| Describe Basis for Conclusion: | | | |

F. CONTRACTOR SELECTION

24.

| | | |
|--|--|---------------------------------------|
| Are procedures in place to ensure that awards were not made to any party excluded, disqualified or otherwise ineligible (i.e., suspension, debarment or limited denial of participation) for Federal procurement or nonprocurement programs? [24 CFR 92.350(a)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

25.

| | | |
|--|--|---------------------------------------|
| a. Does the program maintain a list of pre-qualified construction contractors? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

| | | |
|--|--|---------------------------------------|
| b. Do procedures for maintaining the list of contractors allow for regular reviews of the firms to check that these firms are licensed, perform quality work and maintain insurance coverage? [24 CFR 92.505(a) and 24 CFR 85.36(c)(4)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

| | | |
|---|--|---------------------------------------|
| c. Are any contractors shown on the list currently suspended or debarred from work on projects receiving federal funds? [24 CFR 92.350(a)] | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Describe Basis for Conclusion: | | |

26.

| | | | | | | | |
|--|--|--------------------------|--------------------------|--------------------------|-----|----|-----|
| <p>If the PJ selects contractors, is a competitive bidding process used (i.e., is there a public invitation for bids; solicitation of multiple bids, a cost reasonableness test applied?) [24 CFR 92.505(a) and 24 CFR 85.36(c)]</p> | <table> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Yes | No | N/A |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| Yes | No | N/A | | | | | |
| <p>Describe Basis for Conclusion:</p> | | | | | | | |

G. CONSTRUCTION MANAGEMENT

27.

| | | | | | |
|---|---|--------------------------|--------------------------|-----|----|
| <p>Are there regular inspections of projects to assess rehabilitation progress? [24 CFR 92.505(a) and 24 CFR 85.36(b)(2)]</p> | <table> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> </tr> </table> | <input type="checkbox"/> | <input type="checkbox"/> | Yes | No |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| Yes | No | | | | |
| <p>Describe Basis for Conclusion:</p> | | | | | |

28.

| | | | | | |
|---|---|--------------------------|--------------------------|-----|----|
| <p>Prior to processing a payment request, do program staff inspect projects to confirm that the contractor has performed all the work specified in the request? [24 CFR 92.505(a) and 24 CFR 85.36(b)(2)]</p> | <table> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> </tr> </table> | <input type="checkbox"/> | <input type="checkbox"/> | Yes | No |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| Yes | No | | | | |
| <p>Describe Basis for Conclusion:</p> | | | | | |

29.

| | | | | | |
|--|---|--------------------------|--------------------------|-----|----|
| <p>Does the PJ have a system that it has implemented that adequately covers reviewing and approving requests for change orders? [24 CFR 92.505(a) and 24 CFR 85.36(f)]</p> | <table> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> </tr> </table> | <input type="checkbox"/> | <input type="checkbox"/> | Yes | No |
| <input type="checkbox"/> | <input type="checkbox"/> | | | | |
| Yes | No | | | | |
| <p>Describe Basis for Conclusion:</p> | | | | | |

30.

| | | |
|--|--------------------------|--------------------------|
| Does the PJ have written procedures that it has implemented for resolving disputes between the contractor and the homeowner? [24 CFR 92.505(a) and 24 CFR 85.36(b)(12)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

31.

| | | |
|--|--------------------------|--------------------------|
| Does the PJ have a contract administration system that adequately ensures contractors perform in accordance with the terms of their contracts? [24 CFR 85.36(b)(2)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

H. LOAN PROCESSING AND SERVICING

32.

| | | |
|---|--------------------------|--------------------------|
| Were all loan instruments executed and recorded? [24 CFR 92.505(a) and 24 CFR 85.20(b)(3)] | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| Describe Basis for Conclusion: | | |
| | | |

33.

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| If the program permits refinancing, is there a procedure in place to ensure that the households' overall housing costs were reduced pursuant to 24 CFR 92.206(b)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No | N/A |
| Describe Basis for Conclusion: | | | |
| | | | |